Bank lending to rural industries

4710. SHRI DATTA MEGHE: Will the Minister of FINANCE be pleased to state :

whether Government have recently asked banks to reorient their policies to ensure more lending to the rural industries;

if so, whether the banks in rural areas are still reluctant in providing loans to rural industries and to the people living in rural areas;

if so, whether any strategy are to be adopted to make the loans to the rural people without any hurdles; and

if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (d) Government/Reserve Bank of India (RBI) have taken several measures to provide relief and better loan facilities to small scale Industries sector which also includes Rural Industries. These measures include:

(i) Computation of working capital requirements of SSI units on the basis of simplified method of minimum 20% of the projected annual turnover.

(ii) Earmarking of the 60% of the fund of SSI financing for the benefit of tiny sector.

(iii) Raising the composite loan limit from Rs. 10 lakhs to Rs.25 lakhs.

(iv) Introduction of new credit guarantee scheme for small industries by Small Industries Development Bank of India (SIDBI).

(v) Introduction of penal provisions to take care of delayed payments to SSI Units etc.

National Bank for Agriculture and Rural Development (NABARD) also provides refinance support under Investment Credit (Non-Farm Sector) to Commercial Banks, Regional Rural Banks, State Cooperative Banks for financing SSIs, Cottage and Village Industries, Rural Artisans, Handicrafts, Handloom Weavers and approved services sector activities so as to promote integrated rural development.

RBI does not have any information to the effect that the banks are reluctant to provide loans to rural industries and to the people living in rural areas. The data available suggests that gross bank credit to rural and semi urban areas also

increased by and large consistent with the credit to urban areas as per details given below:

(Rs. in crore)

As on March	Rural	Semi-Urban	Urban/ Metropolitan
2000	473%	55022	366614
2001	56017	63857	436562

Excise duty on grey clothes

†4711. SHRI P. K. MAHESHWARI : Will the Minister of FINANCE be pleased to state :

the reasons for imposing 10 per cent excise duty on the grey clothes manufactured in powerloom industry under the 'CENVAT';

the complaints received by the Central Government against the said duty and action taken on these complaints;

whether the Government propose to remove the duty in view of the strong protest by the powerloom industry; and

to what extent powerloom industry would be affected by the implementation of the said duty?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMA CHANDRAN): (a) Excise duty on grey fabric manufactured by the powerloom Industry was imposed to complete the CENVAT chain in the textile sector and to remove the distortion in the excise tax structure on textiles.

Co) The Government has received representations from various powerloom associations for exempting powerloom units from excise duty.

The general rate of Central excise duty on grey fabrics manufactured by powerloom has been retained at 10%. However, the powerloom units having annual turnover of upto Rs. 25 lakhs, have been exempted from excise duty on their first clearances of Rs. 20 lakh in a financial year.

Power loom industry would not be affected, as duty paid by power looms on grey fabric would be eligible as CENVAT credit to the manufacturer using such grey fabric as inputs.

†Original notice of the question was received in Hindi.